

Exhibit 1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF OKLAHOMA

IN RE:)
)
C M HEAVY MACHINERY, LLC,) Case No. 24-80617
) Chapter 11
Debtor.)

DEPOSITION OF CLINT MEADORS

TAKEN ON BEHALF OF THE CREDITOR

ON DECEMBER 16, 2024, BEGINNING AT 9:29 A.M.

IN TULSA, OKLAHOMA

APPEARANCES

on behalf of the CREDITORS

Mr. Steven Soule
Mr. Connor M. Andreen
HALL ESTILL HARDWICK GABLE GOLDEN & NELSON
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on behalf of the DEBTOR

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REPORTED BY: Shannon S. Harwood, CSR, RPR, CRR

I N D E X

PAGE

Direct Examination by Mr. Soule

5

EXHIBITS

Exhibit Description

1. Proof of claim

8

2. Voluntary Petition for Non-Individual Filing for
Bankruptcy

17

3. Monthly Operating Report ending 9/30/24

56

4. Monthly Operating Report ending 10-31-24

64

5. Disclosure Statement for Chapter 11 Plan

68

6. Affidavit of Clint Meadors to Plaintiff's Amended
Motion for Summary Judgment

80

1 STIPULATIONS

2
3 It is hereby stipulated and agreed by and
4 between the parties hereto, through their respective
5 attorneys, that the deposition of CLINT MEADORS may be
6 taken pursuant to agreement and notice and in accordance
7 with the Oklahoma Rules of Civil Procedure on December
8 16, 2024, at the offices of Hall, Estill, Hardwick,
9 Gable, Golden & Nelson, 521 East 2nd Street, Tulsa,
10 Oklahoma, before Shannon S. Harwood, CSR, RPR, CRR.
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1 WHEREUPON,

2 CLINT MEADORS,

3 after having been first duly sworn, deposes and says in
4 reply to questions propounded as follows, to-wit;

5 DIRECT EXAMINATION

6 BY MR. SOULE:

7 Q. Could you state your full name for the record,
8 please, sir?

9 A. Clint Michael Meadors.

10 Q. Mr. Meadors, my name is Steve Soule. I
11 represent Great Plains National Bank. Appreciate you
12 being here today. This shouldn't take very -- a long
13 time, but if you need to ever take a break, just let me
14 know, and if you'll just answer whatever question is out
15 there, we'll take a break. If you need to talk to your
16 attorney for any reason, same rules apply.

17 Have you ever been deposed before?

18 A. I don't believe so.

19 Q. Okay. Well, the only real rules I have is to
20 make sure you understand what my question is before you
21 answer it, because she's getting it all down, and then
22 let's try not to talk at the same time. You and I might
23 understand what we're -- what we're talking about, but
24 she has a hard time getting all that down if we're both
25 talking at the same time. And then I need your answers

1 equipment you're leasing --

2 A. Yes.

3 Q. -- is that? And we're going to talk also
4 about. I think you had some mats that you had been
5 leasing that had been part of a fire; is that right?

6 A. Yes.

7 Q. So as we sit here today, what is the type --
8 what is the businesses where the revenue -- what streams
9 does the revenue have -- I mean, what revenue streams
10 does the business have today?

11 A. We have parts, rentals, sales, service and
12 heavy haul trucking.

13 Q. Okay. And how many employees?

14 A. Just myself at the moment.

15 Q. Okay. Since you filed bankruptcy, have you
16 been the only employee?

17 A. Yes.

18 Q. And you also have a bookkeeper?

19 A. Yes.

20 Q. And what's her name?

21 A. Holly.

22 Q. And Holly what?

23 A. Holly Goodson.

24 Q. And how long has she been the company's
25 bookkeeper?

1 Q. Isn't that when it's dated?

2 A. Yes.

3 Q. Okay. And then the next document on Page 30
4 starts with a Commercial Security Agreement. Do you
5 recognize that document?

6 A. On Page 30?

7 Q. Yeah.

8 A. Okay.

9 Q. Do you remember signing that document?

10 A. I remember signing a lot of things.

11 Q. Look at Page 35.

12 A. Yeah, that's my signature.

13 Q. Okay. Do you remember that -- or do you agree
14 that the -- that CM Heavy Machinery, LLC pledged all of
15 its equipment and vehicles and receivables to Great
16 Plains National Bank?

17 A. Yes, I guess so.

18 Q. Is there anything that you're aware of that CM
19 Heavy Machinery has that is not secured to the bank?

20 A. Not that I'm aware of.

21 Q. And you also pledged some real estate; is that
22 correct?

23 A. I think so.

24 Q. So if we look at page -- starting on Page 39,
25 there's a copy of a mortgage. Do you recognize that

1 Q. So as we sit here today, are the books and
2 records of the company still not in good condition?

3 A. I wouldn't say so. They're better than they
4 were.

5 Q. But they're still not in good condition?

6 A. No, sir.

7 Q. And so when you say they lacked reliable
8 quality, is that still true?

9 A. I would think so. I mean, since Holly got
10 involved, they should be correct from the time she was
11 involved until today, but the things previous to that,
12 I'm going to say are still not fixed.

13 Then the third party bookkeeper or tax guy,
14 he's trying to get those fixed where we can get our
15 taxes paid and so on and so forth.

16 Q. And who's that?

17 A. Zach, I can't hardly remember his name. He's
18 from Seminole.

19 Q. And is he a CPA?

20 A. I believe so.

21 Q. Can you get me his name?

22 A. Yes, I will.

23 Q. And was he hired by the company?

24 A. Yes, I believe so.

25 Q. And what's he trying to do?

1 A. He's trying to go back and get everything
2 straightened out from the -- in the books.

3 Q. Prior to the bankruptcy?

4 A. I believe so.

5 Q. When was the last time the company filed a tax
6 return?

7 A. I think '21 or '2. Was it -- I'm not sure
8 exactly.

9 Q. Okay. Your statement here, Paragraph 3 on
10 Page 6 says, "The debtor has not filed tax returns for
11 the calendars years 2022 or 2023."

12 A. Yes, sir.

13 Q. Does that help refresh your memory? I'm not
14 trying to trick you.

15 A. Yes, sir.

16 Q. But you think the company filed for 2021 and
17 before?

18 A. Yes, but I'm not sure that they were correct
19 after -- after getting -- after they started looking at
20 the books.

21 Q. Do you have an intent to file tax returns on
22 behalf of the company?

23 A. Yes.

24 Q. When is that going to happen?

25 A. As soon as he -- soon as he tells me I can, I

1 guess. I'm not sure when -- how that works.

2 Q. Do you know that the IRS has filed a claim in
3 the company case for a little over \$4.5 million?

4 A. That's what Mr. Mac was telling me, but I
5 don't -- I don't think that that number is correct.

6 Q. It is an estimated claim probably, because you
7 haven't filed -- the company has filed tax returns?

8 A. Yes, sir.

9 Q. Do you have -- do you have an educated
10 estimate of how much you do owe the IRS for those two
11 years?

12 A. I have no idea.

13 Q. Have you been filing personal tax returns?

14 A. I'm not sure if we did or didn't on
15 personally.

16 Q. Isn't this company a flow through? Like for
17 tax treatment, doesn't the company's tax flow through to
18 you on your personal returns?

19 A. I don't -- I'm not sure exactly.

20 Q. Okay. In this statement here and in your
21 bankruptcy schedules, there's a discussion of an
22 insurance claim in North Carolina. So on Page 6 of this
23 exhibit you're looking at, Paragraph 4 talks about this
24 insurance claim. Did you -- can you tell me about the
25 insurance claim?

1 A. Well, we had -- I believe there was
2 approximately 16,000 mats catch fire and burned, so...

3 Q. And where did that happen?

4 A. In the Fayetteville yard.

5 Q. Fayetteville, North Carolina?

6 A. Yes, sir.

7 Q. And that was a yard of the company's?

8 A. No, sir. It was a -- well, we were renting
9 it.

10 Q. Okay.

11 A. It was owned by Mr. Barnhill.

12 Q. And did it destroy all the mats?

13 A. I believe so for the most part.

14 Q. And were these the mats that you purchased
15 with some of the proceeds that you borrowed from the
16 bank?

17 A. Yes.

18 Q. And they were insured?

19 A. Yes.

20 Q. Has a -- has there been a determination of
21 what started the fire?

22 A. I'm not sure.

23 Q. You're not sure if there's been a
24 determination?

25 A. No, sir.

1 Q. Can we get a copy of it?

2 A. Yes.

3 Q. So in your mind, that claim is still being
4 pursued by the company?

5 A. I believe I've sent you guys a copy as well
6 for the policy.

7 Q. I think I got copies of your new insurance
8 policy.

9 A. The pack policy.

10 Q. Your new insurance policy. Is that what you
11 sent through your counsel?

12 A. I'm not sure.

13 Q. Okay. Speaking of the new insurance that
14 you've gotten since bankruptcy, is it still in place?

15 A. Should be.

16 Q. Okay. And is the agent on that related to
17 you?

18 A. The new policy, probably.

19 Q. And who is that?

20 A. It's my cousin.

21 Q. Okay. And are you paying that annually or
22 monthly or --

23 A. I believe it's every six months.

24 Q. And is that -- what type of insurance is that?

25 A. I'm not sure exactly.

1 Q. Does it cover the vehicles and machinery --

2 A. I'm sure it does.

3 Q. -- if they were to get destroyed or stolen?

4 A. Yes.

5 Q. Does it have a liability component to it?

6 A. I'm not sure.

7 Q. Okay. But whatever your counsel sent to me is
8 what you have?

9 A. I believe so.

10 Q. Okay. So let's look a little bit further into
11 these schedules. If you look down at the bottom on Page
12 14 where the schedules of assets begin, and did you help
13 fill these out for your counsel?

14 A. I believe so.

15 Q. Okay. And that's where right kind of in the
16 middle of the page, it shows that there's 114,000 and
17 change at Mabry Bank?

18 A. Yes.

19 Q. And if you see -- go to the next page, at the
20 top, it says accounts receivable 1,343,190; is that
21 correct?

22 A. Yes.

23 Q. Have you collected any accounts receivable
24 since the bankruptcy was filed?

25 A. No, I don't believe so.

1 Q. Have you made any efforts to collect accounts
2 receivable since the bankruptcy was filed?

3 A. I'm not sure.

4 Q. Well, you're the only employee. Who else
5 would have done it if it wasn't you?

6 A. Well, then, yeah, I haven't made any efforts
7 since the bankruptcy was filed.

8 Q. And will you -- do you agree that the bank,
9 Great Plains, is a secured creditor against accounts
10 receivable?

11 A. Yes.

12 Q. And why haven't you made any efforts to
13 collect accounts receivable?

14 A. I don't know.

15 Q. Are they collectible?

16 A. I'm not sure. Should be.

17 Q. But you don't know why you haven't made any
18 efforts to collect them?

19 A. No.

20 Q. Then if you look down towards the middle --
21 let me ask you another question --

22 A. One thing is, I'm not sure that the -- that
23 the accounts receivable is exactly correct.

24 Q. Well, this is what you filed with the
25 bankruptcy court under penalty of perjury, so are you

1 A. Okay.

2 Q. All right. Let's turn to Page 18. There's a
3 list starting on Page 18 continuing with Page 19 of some
4 vehicles. See that, vehicles and trailers? Are those
5 all located in Okemah?

6 A. I believe so.

7 Q. At the business address?

8 A. Yes.

9 Q. Do you still have -- does the debtor still
10 have all of this -- all of these items that are listed
11 here on Pages 18 and 19?

12 A. I believe so.

13 Q. And they're all insured?

14 A. Should be.

15 Q. And the equipment we talked about a minute ago
16 and these vehicles, are they all secured to the bank?

17 A. I believe so.

18 Q. Has the debtor tried to sell any of this --
19 the equipment or vehicles or trailers since the
20 bankruptcy was filed?

21 A. Not really, no.

22 Q. Other than the Caterpillar 594, has the debtor
23 leased out -- leased or rented out any of this equipment
24 since the bankruptcy was filed?

25 A. I don't believe so.

1 Q. Have you been trying to lease out any
2 equipment?

3 A. Yeah.

4 Q. Just haven't been successful?

5 A. No, sir.

6 Q. Why is that?

7 A. I'm not sure.

8 Q. Okay. At the bottom of Page 19, there's --
9 there's an identification of some real estate. It says
10 no address, legal description at Block 1269, Page 782 in
11 Okfuskee County, 20 acres. Is that the 20 acres you
12 were talking about a moment ago?

13 A. Yes, sir.

14 Q. So that is owned by the debtor, correct?

15 A. I believe so.

16 Q. And you valued that at \$115,000?

17 A. I guess so, yes, sir.

18 Q. Is that correct?

19 A. Yes.

20 Q. And on the next page, there's a piece of real
21 estate at the top that's the address of the debtor. Is
22 that the debtor's yard and building?

23 A. Yes, sir.

24 Q. And you valued that at 1.2 million; is that
25 correct?

1 A. One piece was my equipment.

2 Q. And some of it was somebody else's equipment?

3 A. Yes.

4 Q. So the money you're receiving from Smith has
5 to be paid to the person you're renting --

6 A. Exactly.

7 Q. -- the equipment from; is that correct?

8 A. Exactly.

9 Q. What about just renting out your equipment?
10 Is there not a market for that right now?

11 A. It's getting better hopefully.

12 Q. So has that improved in -- on November?

13 A. The 594 is on rent, was on rent until
14 yesterday.

15 Q. Okay. Do you have any upcoming rentals of
16 your equipment?

17 A. No, sir.

18 Q. What -- in your words, what is the debtor's
19 plan to reorganize and come out of bankruptcy? How are
20 you going to pay your creditors?

21 A. Like this says, hopefully the insurance claim
22 will come through, and if it doesn't, then we'll sell
23 equipment.

24 Q. So if the insurance claim doesn't come
25 through, you're going to sell equipment; is that

1 correct?

2 A. Yes, sir.

3 Q. But your plan is not to sell it now, your plan
4 is just to sell it over the next few years?

5 A. Well, it says in here I think 250 or 200 in
6 the first 18 months and then 400 every six months after
7 that, I believe. Not sure if that's exactly correct,
8 but it's pretty close I think.

9 Q. Okay. So how long will that take you to --
10 over what period of time would that be for you to repay
11 the bank what you owe them?

12 A. What period of time?

13 Q. Based on your plan, how long will it take you
14 to repay what you owe the bank?

15 A. Five years, I assume, going off this.

16 Q. Okay. And that's just selling equipment,
17 you're not -- there's no revenue being generated?

18 A. That's worst case scenario.

19 Q. Okay. I don't see any -- any projections in
20 here for generation of revenue other than through the
21 sale of equipment or did I miss that somewhere?

22 A. No, sir, not that I know of.

23 Q. So as we sit here today, the debtor's intent
24 is either to get a recovery on the insurance claim or
25 sell equipment over time. That's your plan?

1 A. Yes, sir.

2 Q. Is that equipment, does it depreciate over
3 time? Does it go down in value?

4 A. Somewhat.

5 Q. If it's not being used, does it go down in
6 value?

7 A. I'm sure. The older it gets, I guess you
8 would say.

9 Q. And as we sit here, you still don't have any
10 intention to try to collect any of the receivables?

11 A. No, I do have intentions.

12 Q. When is that going to begin?

13 A. Any time. Soon.

14 Q. Based on your experience as a businessman,
15 wouldn't you say that the longer the time goes by
16 between trying to collect receivables that the harder it
17 is to collect them?

18 A. Yeah, probably.

19 Q. So why haven't you started that process?

20 A. I'm not sure.

21 Q. In your plan, it mentions that you may have a
22 dispute with the Great Plains National Bank claim. Do
23 you have a dispute with the claim?

24 A. I'm not sure.

25 Q. Earlier you mentioned that you -- well, I'll

1 just read it here. "Such a dispute, if filed, will
2 likely be focused on the proprietary, vel non, with
3 which historic payments have been applied to this
4 putative debt." Is that a sentence you wrote?

5 A. I don't think I wrote that, no.

6 Q. Is that what the debtor's position is with
7 regards to Great Plains?

8 A. What page are you on?

9 Q. 6.

10 A. Where does it say that?

11 Q. Under Class 1, Secured Claims of Great Plains
12 National Bank, the second sentence.

13 A. I'm not sure what that means exactly.

14 Q. So you -- that's not your -- that's not your
15 words?

16 A. I can't say if it is or isn't.

17 Q. As the owner and principal of the debtor, what
18 is -- what is your dispute with the claim of Great
19 Plains?

20 A. I'm not sure at the moment.

21 Q. So this is more your lawyer?

22 A. Well, I need to -- I guess I need to speak
23 with him to find out exactly what all this is.

24 Q. But you're unaware as we sit here today what
25 the debtor's dispute with the Great Plains claim is, if

1 Q. (By Mr. Soule) So just a couple more
2 questions, Mr. Meadors. Back on the liquidation of
3 collateral, of the bank's collateral under your proposed
4 plan, is there any reason not to start liquidating now?

5 A. I can if you would like.

6 Q. I mean, I think -- I mean, I'm not telling you
7 what we would like or not. I'm just asking you if
8 there's a reason why you need to wait 12 to 18 months to
9 start selling the equipment?

10 A. No, I don't guess so.

11 Q. Okay.

12 MR. SOULE: That's all I have. Do you want to
13 -- do you have any questions?

14 MS. CATHCART: No.

15 MR. SOULE: Do you want to tell him about his
16 read and sign rights or what you guys' position is on
17 that? Under Oklahoma law, I mean, I assume you would
18 know this. You have the right to read what she's
19 transcribed. You can't change your testimony, but if
20 she mistakenly understood you, you can -- you can make
21 changes to that.

22 Do you want to do that before you -- before
23 you get it approved?

24 MS. CATHCART: It's up to you.

25 THE WITNESS: I'm sorry?